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U.S. Agricultural adjustment administration

Agricultural Imports

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United States imports of various agricultural products increased in 1934 and 1935 above the average levels for previous years. This was true as regards certain "competitive" commodities produced in the United States, as well as regards such commodities as rubber, coffee, and bananas not ordinarily grown in the United States.

The increases in imports of the products which are grown in the United States were related primarily to shortages in domestic production, due chiefly to low yields caused by the drought of 1934, and in some cases to new sources of demand for these commodities.

The adjustment programs, by helping to raise American farm prices to a point where the American market attracted imports, were to some extent a factor in the situation of which a spill-over of farm imports was evidence. There are no farm imports when American farm prices are down so low that no other country wants to sell or can afford to sell on the American market. Competitive imports of farm products caused no difficulty in 1932.

After the drought, American farmers drew more heavily than usual upon foreign sources to help offset the depletion in supplies of some American products. Despite the increases, however, these imports have constituted only a small percentage of the loss caused by the drought and a much smaller percentage of the domestic production of the commodities imported. While increases in the importations of grains were particularly marked, they contributed only a small fraction of the total feed supplies available to farmers to carry their livestock through the period of feed shortage.

The proportion borne by the imports of grains, to the total domestic production, even during the drought period, is apparent when combined production of the principal feed and cereal grains - wheat, corn, oats, barley, and rye - measured in tons, is compared with the combined tonnage of imports of the same grains. In the crop year 1934-1935 this production was approximately 50,711,461 tons, a drop of 49 percent, or 47,446,071 tons from the 1928-1932 average production.

In the same crop year the imports of these grains totaled about 2,267,837 tons or 4.4 percent of the reduced domestic production for the year, 2.3 percent of the average annual production; and only 4.7 percent of the loss in 1934-1935 production from the annual average production. The tonnage of imports of these grains in 1934-1935 rose from the 5-year average of 506,501 tons, to 2,267,837 tons, an increase of 1,761,336 tons. But this increase in imports amounted to only 3.7 percent of the decrease in production.

During the first 6 months of the crop year 1935-1936 for which figures are available, imports of grains amounted to approximately



1,185,808 tons and were dropping rapidly as the effect of the increased 1935-1936 domestic production was felt. In oats and rye, for example, imports had dropped to zero in January, 1936.

Not all commodities were affected by drought in the same way or to the same degree. Nor did increases in imports always coincide in point of time with the deficits in the domestic supplies of the commodities imported. In general, deficits in the production of feed and cereal grain crops in the crop year 1934-35 were related to increases in imports which commenced during the first half of the calendar year 1934. In addition to the effects of the drought of 1934, growing conditions for some crops such as wheat and corn were unfavorable during 1935, and caused further reduction in supplies.

There was a lag in the effect of the drought reduction in supplies of feed for livestock, on the domestic supply of meat products. The immediate effect of drought was to increase the killing of animals so as to save feed. The later effect was to reduce meat supplies. The reactions on imports of meat products consequently did not reach its peak until in the calendar year 1935.

United States production of wheat in the crop year 1934-1935 was 496,929,000 bushels, a drop of 363,641,000 bushels from the annual average of 860,570,000 bushels for the 5-year period 1928-1932. Of this reduction, it is estimated that 309,417,000 bushels were chargeable to the drought and 54,224,000 bushels to acreage reduction in accordance with adjustment contracts under the Agricultural Adjustment Act.

Wheat imported for consumption in the United States during the wheat-marketing year, August 1934-July 1935, totalled 25,902,000 bushels or 8.3 percent of the loss caused by the drought, and 5.2 percent of the United States production for the crop year. Wheat for human consumption pays a tariff of 42 cents a bushel on importation into this country. The average farm price of wheat for the United States for the calendar year 1934 was 84.7 cents a bushel.

In the 1935-36 crop year production of all wheat in the United States totaled 603,199,000 bushels, or 257,371,000 bushels less than the 5-year (1928-32) average. Imports in the first 6 months of the marketing year beginning August 1, 1935 amounted to 27,415,000 bushels. In the calendar years 1934 and 1935, of the total imports of 57,413,000 bushels of wheat, 27 percent, or 15,623,000 bushels, were of wheat unfit for human consumption, brought into the country chiefly as feed for livestock in the drought-affected areas. Imports of wheat reached their peak in October of 1935 when they amounted to 6,583,000 bushels. In November, imports were 5,541,000 bushels; in December, 5,102,000 bushels, and in January 1936 they were 2,331,000 bushels. The average farm price of wheat in the United States in 1936 was 83.8 cents per bushel.

The domestic shortage of certain kinds of wheat caused American prices to rise to the top of the tariff wall. Farmers in 1934 and 1935 began to get the full effect of the wheat tariff. The existence of imports of wheat showed that wheat prices had actually risen to the extent of the tariff.



Production of corn in the United States in the 1934-35 crop year was 1,377,126,000 bushels, a deficit of 1,185,021,000 bushels from the 1928-1932 average of 2,562,147,000 bushels. That portion of the reduction chargeable to drought was 1,003,336,000 bushels, and the reduction due to acreage adjustment contracts is estimated at 181,685,000 bushels. Imports of corn in the marketing year, November 1934-October 1935, amounted to 41,142,000 bushels or only 0.29 percent of the production for the corresponding crop year, low as it was, and to 4.1 percent of the year's loss through drought. Corn imported into the United States pays a tariff duty of 25 cents per bushel. The average farm price of corn in the United States in 1934 was 81.6 cents per bushel. Corn prices also were up to the top of the tariff wall.

Importation of corn into the United States to offset drought reduction and the unfavorable conditions of 1935, reached their peak in the latter year. Production in the crop year 1935-36 totaled 2,202,852,000 bushels, or 359,295,000 bushels less than the 5-year average. In the first 3 months of the marketing year beginning November 1, 1935, corn imports amounted to 5,612,000 bushels, with a distinct downward trend apparent. The average farm price of corn in the United States in 1935 was 57.7 cents per bushel.

Oats production in the United States in the crop year 1934-35 was 525,889,000 bushels, or 691,757,000 bushels less than the 1928-32 average of 1,217,646,000 bushels. There was no oats adjustment program under the Agricultural Adjustment Act. Imports during the marketing year beginning August 1, 1934 and ending July 30, 1935, amounted to 15,492,000 bushels. This figure is 2.9 percent of the United States production for the crop year 1934-35, and 2.2 percent of the deficit from the 5-year average. In the crop year 1935-36, the United States produced 1,195,436,000 bushels of oats or only 22,211,000 bushels less than the 1928-32 average. Imports of oats in the first 6 months of the marketing year beginning August 1, 1935, were only 22,000 bushels and dropped to zero in January, 1936. There is a duty of 16 cents per bushel on oats imported into the United States. The farm price of oats in the United States was 47.9 cents per bushel in 1934 and 27.9 cents per bushel in 1935.

The situation of barley imported into the United States as grain, and barley imported for malting, are sharply different. Demand for barley for malting has increased in the United States since the repeal of the Eighteenth Amendment. Imports of barley for malt amounted to 52,533,000 pounds in the calendar year 1932; rose to 109,183,000 pounds in 1933; to 193,728,000 pounds in 1934; and to 320,623,000 pounds in 1935. Imports of barley as grain in the same years were 6,000 bushels, 24,000 bushels, 6,580,000 bushels, and 4,840,000 bushels, respectively. Average annual United States production of barley in the 5 years 1928-32 was 282,841,000 bushels. The crop year 1934-35 was 118,348,000 bushels, and in 1935-36 it was 292,249,000 bushels. There has been no adjustment program with regard to barley. The average farm price of barley in the United States was 68.3 cents per bushel in 1934 when rising imports showed that the tariff was effective in raising prices, and 38.1 cents per bushel in 1935.



With regard to rye, demand for purposes of distillation has increased since 1932, and has been a factor in the import situation, while rye production in the United States, like that of other grains, dropped sharply in 1934 as a result of the drought. Production of rye during the 5-year period 1928-32 averaged 38,655,000 bushels a year. Imports during the corresponding crop years ranged from 1,000 to 88,000 bushels a year, averaging 21,000 bushels a year. In the crop year 1933-34 production dropped to 21,150,000 bushels; imports in the corresponding marketing year, July 1933-June 1934, amounted to 12,019,000 bushels. In the crop year 1934-35 production in the United States dropped further to 16,045,000 bushels. Imports in the corresponding marketing year were 11,250,000 bushels. In the 1935-36 crop year the rye crop totaled 57,936,000 bushels. Imports in the first six months of the corresponding marketing year amounted to only 2,112,000 bushels, and had dropped to zero in January 1936. The average farm price of rye in the United States in 1934 was 71.3 cents per bushel and in 1935 was 38.4 cents per bushel. No adjustment program for rye has been put into operation although one was proposed in 1935 to be effective in 1936.

Reaction to production and demand factors was slower in the case of various livestock products than in the case of grains, because as has been pointed out, the drought reduced these products tardily through curtailment of feedstuffs. In the case of beef in all forms, the United States has imported, since 1925, more beef than it has exported. Imports of fresh beef and veal for the 10-year period 1923-32 averaged 22,946,400 pounds per year. In 1933 only 378,000 pounds were imported; and in 1934 only 325,000 pounds. In 1935 the imports rose to 8,757,000 pounds, still only 38 percent of the 10-year average. Imports of canned beef showed a sharper increase. For the 10-year period (1923-32) these imports averaged 30,961,000 pounds a year. In 1934 they were 46,674,000 pounds and in 1935 they were 76,309,000 pounds. Prior to that year the production of canned beef in the United States had almost ceased since it was more profitable to distribute beef in other forms. Sanitary regulations prohibit the importation of beef other than canned beef, from the surplus-producing South American countries. During the depression the demand for this commodity in the United States has increased, in connection with relief activities, and similar emergency activities.

Meat from cattle and calves slaughtered in the United States under Federal supervision during the 10-year period 1922-31, averaged 5,071,538,000 pounds (dressed weight) per year. Imports during the same period, including fresh beef and veal and canned beef (the latter converted into its dressed weight equivalent) averaged 104,042,000 pounds per year, or 2 percent of the Federally supervised slaughter. In 1934 the Federally supervised slaughter totaled 6,727,533,000 pounds and the imports 117,010,000 pounds, or 1.7 percent of the slaughter. In 1935 the Federally inspected slaughter was 5,216,432,000 pounds and the imports 199,529,000 pounds, or 3.8 percent of domestic slaughter under Federal inspection.

Pork, (dressed weight slaughtered under Federal inspection) produced in the United States during the 10-year period 1922-31,



averaged 8,030,583,000 pounds per year. During the same period the imports of pork and its products averaged 7,720,000 pounds a year, or 0.1 percent of the Federally inspected slaughter while exports of pork and its products averaged 1,208,296,100 pounds, or 15 percent of slaughter.

In 1934, pork slaughtered under Federal inspection totaled 7,231,441,000 pounds (dressed weight). Imports amounted to 1,647,000 pounds, or 0.02 percent of the slaughter; and exports amounted to 586,433,000 pounds, or 8.1 percent of Federally inspected slaughter.

In 1935, as the effect of the drought became more evident, Federally inspected pork slaughter dropped to 4,406,078,000 pounds dressed weight. Imports in that year were 10,534,000 pounds, or 0.2 percent of production. Exports amounted to 186,040,000 pounds, or 4.2 percent of Federally inspected pork slaughter in 1935.

These figures show that in the case of beef and veal, production in the United States increased in 1935 over the 1922-31 average by some 145 million pounds. Part of this increase was due to the forced marketing of cattle threatened by the drought. Imports at the same time increased by about 95-1/2 million pounds. In the case of pork, the drop in 1935 from <sup>the</sup> average 1922-1931 production was 3,624,505,000 pounds and the increase in imports was only 2,814,000 pounds. Total imports of pork in 1935 were 0.3 percent of the reduction in slaughter, from the 10-year average.

Effects of the drought on imports of dairy products into the United States have been even more indirect than in the case of meat products and have been combined with the operation of several factors other than reduction of supply in the United States.

Production of milk in the United States had been steadily increasing from 1924 to 1933, in which year it reached a peak of 105,135 million pounds, after having averaged 102,682 million pounds during the five years 1928-32. In 1934 as a result of the drought and other factors, production receded to 101,766 million pounds.

Imports of butter during the 10-year period 1924-33 had averaged 5,693,000 pounds per year, imports of cheese during the same period 67,190,000 pounds a year, and imports of condensed, dried, evaporated, and malted milk, 6,674,000 pounds a year. In the 5-year period 1928-32 the imports of butter dropped to an average of 2,560,000 pounds a year and the imports of cheese had risen only slightly, amounting to 68,742,000 pounds a year during the same period.

In 1933, with milk production at its peak, imports of butter had totaled 1,022,000 pounds, a drop of more than half from the 5-year average while imports of cheese were down to 48,397,000 pounds, or 20,345,000 pounds less than the 5-year average, and imports of dried, evaporated, condensed, and malted milk were down to 1,679,000 pounds from the 5-year average of 2,445,000 pounds.

In 1934 milk production was down 916 million pounds from the 5-year average for 1928-32 and 3,369 million pounds from the peak year 1933. Imports of butter in 1934 rose to 1,253,000 pounds; imports of



cheese receded still further to 47,533,000 pounds, and imports of condensed, dried, evaporated and malted milk dropped to 316,000 pounds.

In 1935, with production of milk at about the same level as in 1934, imports of butter rose more than ten-fold to a total of 22,675,000 pounds; cheese imports were slightly greater than in 1934, amounting to 48,933,000 pounds, and imports of condensed, dried, evaporated, and malted milk rose to 3,346,000 pounds.

Production of butter in the United States was lowered, especially during the first part of 1935, as a result of the drought. But an additional factor in the increase of imports was the large volume of butter entering world trade and the extremely low prices at which this butter was being offered in the world markets. As a consequence of such low world prices, the margin between United States and foreign prices of butter exceeded the 14-cent customs duty to which foreign butter is subject upon its importation into the United States.

Meanwhile, United States prices of dairy products rose less rapidly than did the prices of competitive foodstuffs such as pork and other meats, and consumers shifted to cheese and butter.

Factory production of creamery butter in the United States, as one index of the movement in the dairy industry, averaged 1,608,178,000 pounds a year in the period 1928-32, during which period the average farm price of butterfat was 33.6 cents per pound. In 1933 the production was 1,762,688,000 pounds and the farm price of butterfat was 18.8 cents per pound. Imports that year were 0.05 percent of production. In 1934 production totaled 1,694,708,000 pounds and the price of butterfat rose to 22.7 cents a pound. Imports were 0.06 percent of production. In 1935 production amounted to 1,633,752,000 pounds and the average farm price of butterfat was 28.1 cents a pound. Imports of butter into the United States that year amounted to 1.38 percent of domestic production. These imports fell off rapidly as production in the United States increased in the spring and early summer of 1935.

Analysis of the situation of different commodities and the factors that have been responsible for their importation into the United States, thus makes it apparent that for the most part the importations of commodities produced in this country have been only small fractions of the reductions in domestic supply due to the drought, or have been brought in to meet new demands for the commodities in question. Since such imports can enter this country only over the tariffs imposed on competitive agricultural commodities, the products brought in from foreign sources have not operated to lower the prices American farmers receive for the same commodities, to the same extent as if they had been additional domestic production instead of imports. Furthermore, many of them, as notably in the case of feed grains, have been products used chiefly by farmers themselves.